

RESOLUTION NO. 2004-376

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING THE ISSUANCE BY THE ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY OF ITS REDEVELOPMENT REVENUE NOTE (FLAGLER ESTATES PROJECT), SERIES 2004, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,000,000, FOR THE PURPOSE OF OBTAINING FUNDS FOR THE BENEFIT OF THE FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT TO FINANCE THE COSTS OF PAVING CERTAIN PUBLIC ROADS LOCATED WITHIN SAID DISTRICT AND THE FLAGLER ESTATES COMMUNITY REDEVELOPMENT AREA TO BE CONSTRUCTED, OWNED AND MAINTAINED BY SAID DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, St. Johns County Community Redevelopment Agency (the "Agency") is a public community redevelopment agency, duly organized and existing under the provisions of Chapter 163, Part III, Florida Statutes, as amended; and

WHEREAS, the Board of County Commissioners of St. Johns County, Florida (the "County"), by the adoption of its Resolution No. 2002-185 established the boundaries of the Flagler Estates Community Redevelopment Area and by the adoption of its Resolution No. 2002-208 incorporated the boundary areas of the Flagler Estates Community Redevelopment Area into the Agency and approved the community redevelopment plan for the Flagler Estates Community Redevelopment Area; and

WHEREAS, Flagler Estates Road and Water Control District (the "District"), a independent special district, duly organized and existing under the provisions of Chapter 98-528, Laws of Florida, and Chapter 298, Florida Statutes, as amended, has determined to undertake a project consisting of the paving of certain public roads within the District and the Flagler Estates Community Redevelopment Area (the "Project"), and has requested the assistance of the Agency in financing the Project; and

WHEREAS, the Agency proposes to issue its Redevelopment Revenue Note (Flagler Estates Project), Series 2004 (the "Note"), authorized to be issued pursuant to a resolution of the Agency adopted December 15, 2004 (the "Agency Resolution"), a copy of which is attached hereto as Exhibit A, to finance the cost of the Project and the costs of issuance relating to the Note; and

WHEREAS, by the Agency Resolution, the Agency has recommended and requested that the Board of County Commissioners of St. Johns County, Florida, approve the issuance of the Note by the Agency in order to satisfy the requirements of Sections 163.358(3) and 163.385, Florida Statutes, as amended; and

WHEREAS, the Note shall not constitute a debt, liability or obligation of the County, the State of Florida (the "State") or of any political subdivision thereof, other than a limited obligation of the Agency, or a pledge of the faith and credit of the Agency, the County, the State or of any such political subdivision, and neither the Agency, the County, the State nor any political subdivision thereof will be liable on the Note, nor will the Note be payable out of any funds other than those pledged under the Agency Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, as follows:

SECTION 1. The issuance by the Agency of the Note in a principal amount not to exceed \$1,000,000, for the purposes set forth above, is hereby approved for the purposes of Sections 163.358(3) and 163.385, Florida Statutes, as amended. The Agency is hereby directed to ensure that prior to the issuance of the Note each of the following shall occur:

(A) The Interlocal Agreement described in the Agency Resolution is executed and delivered by the District and the Agency.

(B) The Note contains on its face a statement to the effect that the Note has been issued by the Agency in connection with community redevelopment as described in Section 163.385(5), Florida Statutes, as amended, and includes a statement to the effect that neither the faith and credit nor the taxing power of the Agency, the County, the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Note.

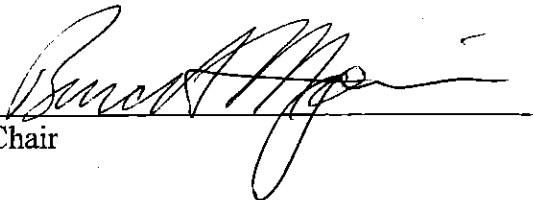
SECTION 2. The Note shall not constitute a debt, liability or obligation of the County, the State or of any political subdivision thereof, other than a limited obligation of the Agency, or a pledge of the faith and credit of the Agency, the County, the State or of any such political subdivision, and neither the Agency, the County, the State nor any political subdivision thereof will be liable on the Note, nor will the Note be payable out of any funds other than those pledged under the Agency Resolution in the manner provided therein.

SECTION 3. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

ADOPTED this fifteenth day of December, 2004.

BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA

By: 
Its Chair

(OFFICIAL SEAL)

ATTEST:

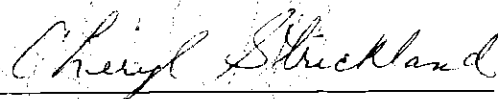
By: 
Its Clerk

EXHIBIT A

Agency Resolution

RESOLUTION NO. _____

A RESOLUTION OF ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY PROVIDING FOR THE PAVING OF CERTAIN PUBLIC ROADS LOCATED WITHIN THE BOUNDARIES OF THE FLAGLER ESTATES COMMUNITY REDEVELOPMENT AREA AND THE FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT; AUTHORIZING THE ISSUANCE BY SAID AGENCY OF NOT EXCEEDING \$1,000,000 IN PRINCIPAL AMOUNT OF A REDEVELOPMENT REVENUE NOTE (FLAGLER ESTATES PROJECT), SERIES 2004, TO FINANCE FOR THE BENEFIT OF SAID DISTRICT THE COST OF SUCH PROJECT AND PAY THE COSTS OF ISSUANCE OF SUCH NOTE; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE THE TAX INCREMENT REVENUES RECEIVED ANNUALLY BY SAID AGENCY AND DEPOSITED INTO THE FLAGLER ESTATES COMMUNITY REDEVELOPMENT AREA ACCOUNT IN THE ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY TRUST FUND, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDER OF SUCH NOTE; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT BETWEEN SAID AGENCY AND SAID DISTRICT; AUTHORIZING A NEGOTIATED SALE OF SUCH NOTE; AWARDED SUCH NOTE TO THE PURCHASER THEREOF; AND PROVIDING AN EFFECTIVE DATE.

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BE IT RESOLVED BY THE ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY:

ARTICLE 1

GENERAL

Section 1.1 Definitions.

When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

“Act” shall mean Chapter 163, Part III, Florida Statutes, as amended, and other applicable provisions of law.

“Authorized Depository” shall mean the State Board of Administration of Florida or a bank or trust company in the State which is eligible under the laws of the State to receive funds of the Issuer.

“Authorized Investments” shall mean all accounts with the State Board of Administration and any investment which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the temporary investment of its funds.

“Bond Counsel” shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Chairman” shall mean the Chairman of the Issuer or such other person as may be duly authorized by the Issuer to act on his or her behalf.

“Clerk” shall mean the Clerk of the Issuer or such other person as may be duly authorized by the Issuer to act on his or her behalf.

“Code” shall mean the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service, and all other promulgations of said service pertaining thereto.

“County” means St. Johns County, Florida

“Cost” when used in connection with the Project, shall mean (1) costs of acquisition, construction and installation by or for the District or the Issuer of any part of the Project; (2) costs incidental to such acquisition, construction and installation; (3) the cost of any insurance or indemnity or surety bonds necessitated by the Project; (4) legal and other consultant fees and expenses; (5) costs and expenses incidental to the issuance of the Note; and (6) any other costs properly attributable to the issuance of the Note and/or such acquisition,

construction and installation, as determined by generally accepted accounting principles and may include reimbursement for any such items of Cost heretofore paid.

“District” shall mean the Flagler Estates Road and Water Control District.

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

“Governing Body” shall mean the members of the Issuer or its successor in function.

“Interlocal Agreement” shall mean the Interlocal Agreement attached hereto as Exhibit A.

“Issuer” shall mean the St. Johns County Community Redevelopment Agency.

“Note” shall mean the obligation of the Issuer authorized to be issued pursuant to Section 2.1 hereof.

“Noteholder” or “Holder” or “holder” shall mean any Person who shall be the registered owner of the Note according to the registration books of the Issuer.

“Paying Agent” shall mean the Clerk, as paying agent for the Note, and any other Person which may at any time be substituted as paying agent for the Note pursuant to resolution of the Governing Body.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

“Pledged Funds” shall mean the Pledged Revenues and, until applied in accordance with the provisions of this Resolution, the proceeds of the Note and all moneys, including investments thereof, in the funds established hereunder.

“Pledged Revenues” shall mean the tax increment revenues received annually by the Issuer and deposited in the Flagler Estates Community Redevelopment Area Account (the “Trust Account”) in the St. Johns County Community Redevelopment Agency Trust Fund under the provisions of the Act. The Pledged Revenues do not include any tax increment revenues derived from redevelopment areas other than the Redevelopment Area.

“Project” shall mean the paving of certain public roads located within the boundaries of the District and the Redevelopment Area, including but not limited to Baylor Avenue, East Deep Creek Boulevard, Ebert Avenue, Helena Street, Kirchherr Avenue and Melanie Street, all as more particularly described in and in accordance with certain plans and specifications therefore on file with the District.

“Project Fund” shall mean the Project Fund established pursuant to Section 4.3 hereof.

“Purchaser” shall mean First National Bank of Alachua, Hastings, Florida, the purchaser of the Note.

“Redevelopment Area” shall mean the Flagler Estates Community Redevelopment Area established by the Board of County Commissioners of the County pursuant to Resolution No. 2002-185 of the County and incorporated into the boundary areas of the Agency pursuant to Resolution No. 2002-108 of the County.

“Registrar” shall mean the Clerk, as registrar for the Note, and any other Person which may at any time be substituted as registrar for the Note pursuant to resolution of Governing Body.

“Resolution” and “this Resolution” shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all resolutions of the Governing Body.

“Sinking Fund” shall mean the Sinking Fund established pursuant to Section 4.4 hereof.

“State” shall mean the State of Florida.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms, shall refer to this Resolution; the term “heretofore” shall mean before the date of adoption of this Resolution; and the term “hereafter” shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

Section 1.2 Authority for Resolution.

This Resolution is adopted pursuant to the provisions of the Act.

Section 1.3 Resolution to Constitute Contract.

In consideration of the purchase and acceptance of the Note by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Note. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the benefit, protection and security of such Holders.

Section 1.4 Findings.

It is hereby ascertained, determined and declared as follows:

(A) Pursuant to resolutions of the County, including but not limited to, Resolution No. 2002-185 duly adopted by the County on September 17, 2002, the County determined that one or more slums or blighted areas exist within the County, that the rehabilitation, conservation and redevelopment of the blighted and slum areas is necessary in the interest of the public welfare and that there is a need for a community redevelopment agency to function within the County and carry out the purposes of the Act; and pursuant to Resolution No. 2002-208 duly adopted by the County on October 8, 2002, the County established the Issuer and all rights, powers, duties, privileges and immunities vested in a community redevelopment agency by the Act were vested in, and shall be exercised by, the Governing Body of the Issuer.

(B) The County by the adoption of its Resolution No. 2002-185, established the boundaries of the Redevelopment Area and, by the adoption of its Resolution No. 2002-208, incorporated the boundary areas of the Redevelopment Area into the Issuer and approved the community redevelopment plan for the Redevelopment Area.

(C) The County by enacting Ordinance No. 2002-64, which amended Ordinance No. 2001-70, among other things, created the St. Johns County Community Redevelopment Agency Trust Fund and created a separate account therein for the Redevelopment Area for the purpose of carrying out redevelopment in the Redevelopment Area pursuant to the Act.

(D) Pursuant to a resolution adopted December 2, 2004, the District determined to undertake the Project, and requested the assistance of the Issuer in financing the Project.

(E) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Project be undertaken by the District.

(F) Cost of the Project shall be financed with the proceeds of the Note.

(G) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Note. No part of the Pledged Funds has been pledged or encumbered in any manner.

(H) The estimated Pledged Funds will be sufficient to pay the principal of and interest on the Note, as the same become due, and all other payments provided for in this Resolution.

(I) The principal of and interest on the Note and all other payments provided for in this Resolution will be paid solely from the sources herein provided in accordance with the terms hereof; and no ad valorem taxing power of the Issuer will ever be exercised nor will any Holder of the Note have the right to compel the exercise of such ad valorem taxing power to pay the principal of or interest on the Note or to make any other payments provided for in this Resolution, and the Note shall not constitute a lien upon any property of the Issuer or situated within its territorial limits, except the Pledged Funds.

(J) The Issuer and the District will execute and deliver the Interlocal Agreement to memorialize the terms under which the Issuer will issue the Note and the District will undertake the Project, and Section 163.01, Florida Statutes, as amended, authorizes the Issuer and the District to enter into the Interlocal Agreement.

(K) The Governing Body is advised that due to the deteriorating nature of certain materials the District has heretofore acquired for the Project and the present volatility of the market for tax-exempt public obligations such as the Note, it is in the best interest of the Issuer to sell the Note by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Note and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Note be authorized. The Purchaser has offered to purchase the Note at the price of par and having such specifications as described in this Resolution and has filed with the Issuer the Purchaser's Disclosure Statement attached hereto as Exhibit B in compliance with Section 218.385, Florida Statutes, as amended; and the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer that such offer be accepted by the Issuer and that the Note be awarded to the Purchaser hereby.

Section 1.5 Authorization of Project.

The undertaking of the Project in the manner herein provided is hereby authorized.

Section 1.6 Authorization of Execution and Delivery of Interlocal Agreement.

The Chairman and the Clerk are hereby authorized to execute and deliver the Interlocal Agreement, with such changes as may be approved by the Chairman or the Clerk, such approval to be conclusively evidenced by his or her execution thereof.

ARTICLE 2

AUTHORIZATION, TERMS AND
EXECUTION OF NOTE

Section 2.1 Authorization of Note.

For the purpose of financing the Cost of the Project, the Issuer hereby authorizes the issuance of the Note, to be designated as St. Johns County Community Redevelopment Agency Redevelopment Revenue Note (Flagler Estates Project), Series 2004," in the manner herein provided, in a principal amount of \$1,000,000.

Section 2.2 Description of Note.

The Note shall be dated the date of issuance thereof, and shall be payable as to both principal and interest as such place and in such manner, shall contain such redemption provisions, and shall have initially such Paying Agent and such Registrar as is stated in the form of the Note set out in Section 2.7 hereof.

The Note shall bear interest at such rate or rates not exceeding the maximum nonusurious contract rate of interest allowed from time to time by applicable law and shall be payable in lawful money of the United States of America on such dates all as stated in the form on the Note set out in Section 2.7 hereof.

If the specified date for the making of any payment on the Note shall be a day other than a business day, such payment may be made on the next succeeding business day with the same force and effect as if made on the specified date and no interest shall accrue for the period of any such extension.

From and after the maturity date of the Note (deposit of moneys for the payment of the principal and interest on the Note having been made by the Issuer with the Paying Agent), notwithstanding that the Note shall have not been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and the Note shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holder shall have no rights in respect of the Note except to receive payment of such principal and unpaid interest accrued to the maturity date.

Section 2.3 Application of Note Proceeds.

The proceeds derived from the sale of the Note shall, simultaneously with the delivery of the Note to the Purchaser, be applied by the Issuer first to pay all costs and expenses in connection with the preparation, issuance and sale of the Note and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same and the balance of the Note proceeds shall be deposited in the Project Fund.

Section 2.4 Execution of Note.

The Note shall be executed in the name of the Issuer with the signature of the Chairman and attested and countersigned with the signature of the Clerk. In case any one or more of the officers who shall have signed the Note shall cease to be such officer of the Issuer before the Note so signed has been actually delivered, the Note may nevertheless be delivered as herein provided and may be issued as if the person who signed the Note had not ceased to hold such office.

Section 2.5 Note Mutilated, Destroyed, Stolen or Lost.

In case the Note shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note upon surrender

and cancellation of such mutilated Note or in lieu of and substitution for the Note destroyed, stolen or lost, and upon the Holder furnishing the Issuer proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. Any Note so surrendered or otherwise substituted shall be cancelled by the Issuer. If the Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same or cause the Note to be paid, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Note issued pursuant to this Section 2.5 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as any prior Note issued hereunder and shall be entitled to the same benefits and security as the Note so lost, stolen or destroyed.

Section 2.6 Negotiability and Transfer.

The Note issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Note. So long as the Note shall remain outstanding, the Issuer shall cause to be maintained and kept, at the office of the Registrar, books for the registration and transfer of the Note.

The Note shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of the Note, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Note. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name the Note shall be registered upon the books of the Issuer as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on the Note and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Any Note surrendered in any such transfers shall be cancelled by the Registrar. For every such transfer of the Note, the Issuer may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such transfer. The Issuer shall not be obligated to make any such transfer of the Note during the five (5) days next preceding a payment date on the Note or, in the case of any proposed redemption of the Note, during the five (5) days next preceding the redemption date established for the Note.

Section 2.7 Form of Note.

The Note shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Note to the Purchaser):

\$1,000,000

\$1,000,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY
REDEVELOPMENT REVENUE NOTE (FLAGLER ESTATES PROJECT), SERIES 2004

Registered Holder: FIRST NATIONAL BANK OF ALACHUA

Principal Amount: ONE MILLION DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County Community Redevelopment Agency, a public community redevelopment agency created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Principal Amount identified above in ten (10) semi-annual installment payments payable on February 1 and August 1 of each year, commencing February 1, 2007, consisting of three (3) installment payments of \$50,000 each, then four (4) installment payments of \$100,000 each and then three (3) installment payments of \$150,000 each (provided, however, that in the event the sources of payment hereinafter described are insufficient to fully pay any such installment, such installment shall be reduced to the amount available to pay and the difference shall not be due on such installment payment date but shall increase the next installment payment due on the next installment payment date), and interest (calculated on the basis of a 360-day for actual days lapsed) on such Principal Amount from the date hereof or from the most recent interest payment date to which interest has been paid, at the rate per annum determined in the manner hereinafter provided, on February 1, and August 1 of each year, commencing February 1, 2005, until such Principal Amount shall have been paid or provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

The interest rate on this note shall be payable at the rate of 4.875% per annum, provided, however, the interest rate on this note will be subject to adjustment from the date of issuance of this note as follows: If interest paid or payable on this note becomes includable for federal income tax purposes in the gross income of the Registered Holder as a consequence of any act, omission or event whatsoever and regardless of whether the same is within or beyond the control of the Issuer (other than such interest being taken into account in determining adjusted current earnings for the purposes of the alternative minimum income tax imposed on corporations), or the tax laws or regulations are changed or amended to cause the interest on this note to become taxable to the extent not otherwise taxable on the date of issuance hereof, to be subject to a minimum tax or an alternative minimum tax to the extent not otherwise subject on the date of issuance hereof or to otherwise decrease the yield on this note to the Registered Holder (directly or indirectly), then the interest rate on this note shall be adjusted to cause the yield on this note to equal what the yield on this note would have been in the absence of such act, omission, event change or amendment in the tax laws or regulations. If the tax laws or regulations are changed or amended to increase the yield on this note to the Registered Holder,

then the Registered Holder will adjust the interest rate on this note to cause the yield on this note to equal what the yield on this note would have been in the absence of such change or amendment in the tax laws or regulations. The Registered Holder will promptly notify the Issuer in writing of any interest rate adjustments for this note and such adjustments shall become effective as of the effective date of the event causing such adjustment. Such adjustments may be retroactive. The Registered Holder will certify to the Issuer in writing the additional amount, if any, due to the Registered Holder as a result of any such adjustment. Notwithstanding the foregoing, the interest rate payable on this note shall not exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

Such Principal Amount and interest on this note are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts at the office of Clerk of the Issuer, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of principal and interest shall be made to the person in whose name this note shall be registered on the registration books of the Issuer maintained by Clerk of the Issuer, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), at the close of business on the date which shall be the last day (whether or not a business day) of the calendar month next preceding each payment date and shall be (except for the final payment of principal and interest which shall be paid only upon presentation and surrender of this note at the office of the Paying Agent) paid by a check or draft of the Issuer or the Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of the Issuer or the Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder. In the event principal and interest payable on this note is not punctually paid or duly provided for by the Issuer on such payment date, payment of each installment of such defaulted principal and interest shall be made to the person in whose name this note shall be registered at the close of business on a special record date for the payment of such defaulted principal and interest as established by notice to such Registered Holder, not less than ten (10) days preceding such special record date.

This note is issued to finance the cost of paving certain public roads located within the boundaries of the Flagler Estates Community Redevelopment Area and the Flagler Estates Road and Water Control District (the "District") to be constructed, owned and maintained by the District (the "Project"), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 163, Part III, Florida Statutes, as amended, and other applicable provisions of law (the "Act"), and Resolution No. 2004-____ duly adopted by the Issuer on December __, 2004 (the "Resolution"), and the Interlocal Agreement dated December __, 2004, between the Issuer and the District, and is subject to all the terms and conditions of the Resolution and the Interlocal Agreement.

This note is issued in connection with community redevelopment, as defined in the Act, and pursuant to the Act, this note shall be conclusively deemed to have been issued for such purpose, and the Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Act.

The principal of, premium, if any, and interest on this note are payable solely from and secured by a lien upon and a pledge of the tax increment revenues received annually by

the Issuer and deposited in the Flagler Estates Community Redevelopment Area Account in the St. Johns County Community Redevelopment Agency Trust Fund under the provisions to the Act and, until applied in accordance with the provisions of the Resolution, the proceeds of this note and all moneys, including investments thereof, in the funds established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this note that the full faith and credit of neither the Issuer, the State of Florida, nor any political subdivision thereof, is pledged to the payment of the principal of or interest on this note and that the Registered Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer, the State of Florida, or any political subdivision thereof, to the payment of such principal and interest. The Issuer has no taxing power. This note and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.

Neither the members of the Issuer nor any person executing this note shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This note may be redeemed prior to maturity in whole or in part on any date, at the price of par, with interest to the date of redemption, without premium or penalty. Notice of redemption, unless waived, is to be given by the Registrar by mailing a redemption notice by first class mail, postage prepaid, at least five (5) days prior to the date fixed for redemption to the Registered Holder at such Holder's address shown on the registration books maintained by the Registrar or at such other addresses as shall be furnished in writing by the Registered Holder to the Registrar. Notice of redemption having been given as aforesaid, this note or the portion thereof to be redeemed shall, on the redemption date, become due and payable at the redemption price specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) this note or such portion shall cease to bear interest.

This note is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida, but may be transferred only in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder in person or by such Holder's attorney duly authorized in writing, upon the surrender of this note together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new note shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this note as the absolute owner hereof for all purposes, whether or not this note shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any transfer of this note during the five (5) days next preceding a payment date, or in the case of any proposed redemption of this note, during the five (5) days next preceding the redemption date established therefor.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this note, exist, have happened and have been performed, in regular and due form and time as

required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of this note does not violate any constitutional or statutory limitations or provisions.

IN WITNESS WHEREOF, the St. Johns County Community Redevelopment Agency has issued this note and has caused the same to be executed by its Chairman and attested and countersigned its Clerk, all as of the ____ day of December, 2004.

ST. JOHNS COUNTY COMMUNITY
REDEVELOPMENT AGENCY

By: _____
Its Chairman

ATTESTED AND COUNTERSIGNED:

Its Clerk

ARTICLE 3

REDEMPTION OF NOTE

Section 3.1 Privilege of Redemption.

The Note may be redeemed prior to maturity in whole or in part on any date, at the price of par, with interest to the date of redemption, without premium or penalty.

Section 3.2 Notice of Redemption.

Unless waived by the Holder of the Note, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of a redemption notice by first class mail, postage prepaid, at least five (5) days prior to the date fixed for redemption to the Noteholder at the address of such holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such holder to the Registrar.

Section 3.3 Payment of Redeemed Note.

Notice of redemption having been given substantially as aforesaid, the Note or portion thereof to be redeemed shall, on the redemption date, become due and payable and from and after such date (unless the Issuer shall default in the payment) the Note or portion thereof shall cease to bear interest.

ARTICLE 4

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

Section 4.1 Note not to be Indebtedness of Issuer.

The Note shall not be or constitute a general obligation or indebtedness of the Issuer as a “bond” within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Note or shall be entitled to payment of the Note from any moneys of the Issuer except the Pledged Funds, in the manner provided herein. The Issuer has no taxing power.

Section 4.2 Security for Note.

The payment of the principal of and interest on the Note shall be secured forthwith by a pledge of and lien upon the Pledged Funds. The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Note, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in

tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal and interest on the Note in the manner provided in this Resolution.

Section 4.3 Project Fund.

The Issuer covenants and agrees to establish a separate fund with an Authorized Depository to be known as the "St. Johns County Community Redevelopment Agency Project Fund," which shall be used only for the purpose of receiving the proceeds to be derived from the sale and delivery of the Note and of payment therefrom of the items of the Cost of the Project. Moneys in the Project Fund, until applied in payment of any item of the Cost of the Project in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Noteholder and for the further security of the Noteholder.

There shall be paid into the Project Fund the amounts required to be so paid by the provisions of this Resolution or any resolution supplemental hereto, and there may be paid into the Project Fund, at the option of the Issuer, any moneys received for or in connection with a Project by the Issuer from any other source.

The Issuer shall make disbursements or payments from the Project Fund to pay the Cost of the Project upon the filing with the Clerk of documents and/or certificates signed by the District and the Purchaser stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the purpose, by general classification, for which payment is to be made, and (5) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the Project and is a proper charge against the Fund and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the District, is a reimbursement of a part of the Cost of the Project, is a proper charge against the Project Fund, has not been theretofore reimbursed to the District or otherwise been the basis of any previous disbursement or payment and the District is entitled to reimbursement thereof. The Clerk shall be entitled to conclusively rely upon all such documents and/or certificates of the District and the Purchaser and shall retain the same for seven (7) years from the dates of such documents and/or certificates.

Notwithstanding any of the other provisions of this Section 4.3, to the extent that other moneys are not available therefor, amounts in the Project Fund shall be applied to the payment of principal and interest on Note when due.

The date of completion of the Project shall be determined by the District who shall certify such fact in writing to the Governing Body. Promptly after the date of the completion of the Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, the Issuer shall apply the balance of moneys remaining in the Project Fund to the next payment due on the Note, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion of interest on the Note from gross income for federal income tax purposes.

Section 4.4 Sinking Fund.

The Issuer covenants and agrees to establish with an Authorized Depository a separate fund to be known as the “St. Johns County Community Redevelopment Agency Redevelopment Revenue Note Sinking Fund.” On or before each date established for payment of any principal of or interest on the Note, the Issuer shall deposit to the credit of the Sinking Fund Pledged Revenues in an amount sufficient to pay the principal and interest to become due on the Note on such payment date, and on such payment date the Issuer shall withdraw from the Sinking Fund sufficient moneys to pay such principal and interest and deposit such moneys with the Paying Agent for such payment.

Section 4.5 Investments.

The Project Fund and the Sinking Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Project Fund and the Sinking Fund may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed in the manner herein provided.

The moneys required to be accounted for in any funds established herein may be deposited in a single bank account, and moneys allocated to such funds may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds as herein provided.

The designation and establishment of any funds in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

ARTICLE 5
OBLIGATIONS AND COVENANTS OF ISSUER

Section 5.1 Issuance of Additional Obligations.

While the Note shall be outstanding the Issuer will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof without the prior written consent of the Purchaser, unless the lien on and pledge of all or part of the Pledged Funds in favor of such obligations shall be junior and subordinate in all respects to the lien thereon and pledge thereof in favor of the Note and each such obligation shall contain on its face a statement to that effect.

Section 5.2 Books and Records.

The Issuer will keep books, records and accounts of the receipt of the Pledged Funds in accordance with generally accepted accounting principles, and the Holder or the duly

authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

Section 5.3 No Impairment.

The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Governing Body. The Issuer is presently entitled to receive tax increment revenues to be deposited in the Trust Account, and has taken all action required by law to entitle it to receive such revenues, and the Issuer will diligently enforce the obligation of any "taxing authority," as defined in Section 163.340(2), Florida Statutes, as amended, to appropriate its proportionate share of the tax increment revenues and will not take, or consent to or adversely permit, any action which will impair or adversely affect the obligation of each such taxing authority to appropriate its proportionate share of such revenues, impair or adversely affect in any manner the deposit of such revenues in the Trust Account, or the pledge of the Pledged Revenues hereby. The Issuer shall be unconditionally and irrevocably obligated so long as the Note is outstanding to take all lawful action necessary or required in order to ensure that each such taxing authority shall appropriate its proportionate share of the tax increment revenues as now or later required by law, and to make or cause to be made any deposits of tax increment revenues or other funds required by this Resolution.

Section 5.4 Federal Income Tax Covenants.

(A) The Issuer covenants with the Holder that it shall not use the proceeds of the Note in any manner which would cause the interest on Note to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of the Note (or amounts deemed to be proceeds under the Code) in any manner which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, and neither the Issuer nor any such other Person shall do any act or fail to do any act which would cause the interest on the Note to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holder that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Note from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.1 Events of Default.

The following events shall each constitute an “Event of Default” hereunder:

(A) Default shall be made in the payment of the principal of or interest on the Note when due. In the event the Pledged Funds are insufficient to fully pay any stated principal installment and as a result a portion of such installment is deferred to the next payment date as described in the form of the Note set out in Section 2.7 hereof, such insufficiency and deferral shall not constitute an Event of Default hereunder.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Note or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from the Holder. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

Section 6.2 Remedies.

The Holder may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof.

Section 6.3 Remedies Cumulative.

No remedy herein conferred upon or reserved to the Noteholder is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 6.4 Waiver of Default.

No delay or omission of the Noteholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.2 of this Resolution to the Noteholder may be exercised from time to time, and as often as may be deemed expedient.

ARTICLE 7

MISCELLANEOUS

Section 7.1 County Approval; Sale of Note.

The Board of County Commissioners of the County (the "Board") is hereby requested to approve the issuance of the Note by the Issuer, and the Issuer hereby recommends the Note for such approval by the Board. Subject to the approval by the Board, the Note is hereby sold and awarded to the Purchaser at the price of par and maturing, bearing interest at the rates and having such other terms as are stated in the form of the Note set out in Section 2.7 hereof.

Section 7.2 General Authority.

The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Note and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the Purchaser to effectuate the sale of the Note to the Purchaser.

Section 7.3 No Personal Liability.

No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Note, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Note, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Note, or any certificate or other instrument to be executed in connection with the issuance of the Note, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

Section 7.4 No Third Party Beneficiaries.

Except such other Persons as may be expressly described herein or in the Note, nothing in this Resolution, or in the Note, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holder any right, remedy or claim, legal

or equitable, under and by reason of this Resolution or any provision hereof, or of the Note, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holder.

Section 7.5 Severability of Invalid Provisions.

If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Note issued hereunder.

Section 7.6 Repeal of Inconsistent Resolutions.

All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

Section 7.7 Table of Contents and Headings not Part Hereof.

The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

Section 7.8 Effective Date.

This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this fifteenth day of December, 2004.

ST. JOHNS COUNTY COMMUNITY
REDEVELOPMENT AGENCY

ATTEST:

Its Chairman

Its Clerk

EXHIBIT A
INTERLOCAL AGREEMENT

INTERLOCAL AGREEMENT

This Interlocal Agreement (the "Agreement") is entered into as of the _____ day of December, 2004, by and between ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY, a Florida public community redevelopment agency (the "Agency"), and FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT, a Florida independent special district (the "District").

WITNESSETH:

WHEREAS, the Board of County Commissioners of St. Johns County, Florida (the "County"), by the adoption of its Resolution No. 2002-185 established the boundaries of the Flagler Estates Community Redevelopment Area and by the adoption of its Resolution No. 2002-208 incorporated the boundary areas of the Flagler Estates Community Redevelopment Area into the Agency and approved the community redevelopment plan for the Flagler Estates Community Redevelopment Area; and

WHEREAS, pursuant to Chapter 98-528, Laws of Florida, and Chapter 298, Florida Statutes, as amended, the District is authorized to, among other things, construct, own and maintain public streets, roadways and roads within the boundaries of the District; and

WHEREAS, pursuant to Resolution No. 2004-8 adopted December 2, 2004, the District has determined to undertake a project consisting of the paving of certain public roads within the District and the Flagler Estates Community Redevelopment Area, including but not limited to Baylor Avenue, East Deep Creek Boulevard, Ebert Avenue, Helena Street, Kirchherr Avenue and Melanie Street (the "Project"), and has requested the assistance of the Agency in financing the Project; and

WHEREAS, the Agency proposes to issue its Redevelopment Revenue Note (Flagler Estates Project), Series 2004 (the "Note"), authorized to be issued pursuant to Resolution No. 2004-__ of the Agency adopted December 15, 2004 (the "Note Resolution"), to finance the cost of the Project and the costs of issuance relating to the Note; the County has approved the issuance of the Note by the Agency pursuant to Resolution No. 2004-___ of the County adopted December 15, 2004; and First National Bank of Alachua (the "Purchaser") proposes to purchase the Note; and

WHEREAS, pursuant to the Note Resolution, the Agency will pay debt service on the Note from the Pledged Funds (as defined in the Note Resolution); and

WHEREAS, the District will undertake the Project within the District and the Flagler Estates Community Redevelopment Area and will construct, own and maintain such roads at the District's expense as public roads as provided herein; and

WHEREAS, the parties hereto desire to memorialize the terms under which the Agency will issue the Note for such purpose, and the District will undertake the Project, and Section 163.01, Florida Statutes, as amended, authorizes the Agency and the District to enter into this Agreement;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

SECTION 1. Incorporation of Recitals. The above set forth recitals are hereby incorporated into the terms of this Agreement.

SECTION 2. District and Agency Contributions.

(A) The District will proceed as expeditiously as possible to prepare any required plans and obtain required permits for the Project.

(B) The District will be responsible for all costs associated with the Project including roadway sub-base preparation, asphalt paving, incidental maintenance of the existing drainage system and all costs relative to the performance, administration, management and inspection of the construction work for the Project.

(C) The District will remain responsible for the performance of the pavement contractor with regard to any required warranty work throughout the warranty period provided in the District's existing contracts for the Project.

(D) Immediately upon completion of the paving of each road the District will be responsible for the ownership, maintenance and operation of the roadway as a public road without further recourse to assistance from the Agency.

(E) The District will not knowingly take any action or omit to take any action that would cause the interest on the Note to be or become includable in the gross income of the holder thereof for federal income tax purposes.

(F) The District will enter into a construction agreement relating to the construction of the Project and use of Note proceeds with the Purchaser in a form approved by the Agency, such approval to be evidenced conclusively by the Agency's issuance of the Note; and the disbursement of Note proceeds will be made in accordance with the Note Resolution and such construction agreement.

(G) The Agency will issue the Note in accordance with the Note Resolution for the purpose of financing the cost of the Project and the costs of issuance relating to the Note. Pursuant to the Note Resolution, the Agency will secure the Note with the Pledged Funds in the manner and to the extent set forth therein.

(H) The Agency will apply the proceeds of the Note to pay the costs of the Project and the costs of issuance relating to the Note in the manner provided in the Note Resolution. To the extent the cost of the Project exceeds the funds available from the proceeds of the Note, the Agency and the District agree that the Project will be modified so that the cost therefor will not exceed such available proceeds. In consideration of the financing the cost of the Project by the Agency through the Note, the District will undertake the Project as provided in this Agreement.

(I) The Agency and the District agree to pursue these improvements: (i) cooperatively; (ii) with due diligence under a mutually agreed schedule; (iii) ensuring that the necessary resources are made available in a timely basis; and (iv) in a manner that will contribute to all portions of the overall effort being completed under the terms and conditions of this Agreement.

SECTION 3. Ownership of Roads. Nothing in this Agreement shall be construed as transferring ownership of any road, right-of-way or easement. Nor shall it be construed as the Agency or the County accepting the roads, rights-of-way or easements of the District or those owned by any other person or entity into the County maintained system and neither the Agency nor the County will be responsible for any maintenance, repair or liability associated with the subject roads.

SECTION 4. Modification. No modification or amendment of the terms hereof shall be valid unless made in writing and executed by the parties hereto.

SECTION 5. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

SECTION 6. Applicable Provisions of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 7. Rules of Interpretation. Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Agreement and not solely to the particular portion in which any such word is used.

SECTION 8. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

SECTION 9. Members of Agency and District Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Agreement or the Note or for any claim based thereon or otherwise in respect thereof, shall be had against any member of the Agency or the District, as such, past, present or future, either directly or through the Agency, the District or the County, it being expressly understood that (a) no personal liability whatsoever shall attach to, or is or shall be incurred by, the members of the Agency or the District, as such, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (b) any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such member of the Agency or the District, as such, are waived and released as a condition of, and as a consideration for, the execution of this Agreement on the part of the Agency and the District and the issuance of the Note on the part of the Agency.

SECTION 10. Obligations Limited. The obligation to pay to the Note shall not be deemed to constitute a debt of the Agency or the District or a pledge of the faith and credit of the Agency or the District, but the Note shall be payable by the Agency solely from the Pledged Funds as provided in the Note Resolution.

SECTION 11. Filing of Agreement. It is agreed that this Agreement shall be filed with the Clerk of the Circuit Court of St. Johns County, in accordance with Section 163.01(11), Florida Statutes, as amended, and that this Agreement shall not become effective until so filed.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and their signatures to be affixed hereto.

ST. JOHNS COUNTY COMMUNITY
REDEVELOPMENT AGENCY

By: _____
Its Chairman

ATTEST:

Its Clerk

FLAGLER ESTATES ROAD AND WATER
CONTROL DISTRICT

By: _____
Its President

ATTEST:

Its Secretary

EXHIBIT B
DISCLOSURE STATEMENT

DISCLOSURE STATEMENT

First National Bank of Alachua (the "Purchaser"), the purchaser of \$1,000,000 principal amount of St. Johns County Community Redevelopment Agency (the "Issuer") Redevelopment Revenue Note (Flagler Estates Project), Series 2004 (the "Note"), pursuant to Section 218.385, Florida Statutes, as amended, hereby states as follows:

1. The estimated direct expenses to be incurred by us are as follows:

Loan Fee	\$1,000.00
Inspection Fee	1,000.00
Expenses	110.00
Counsel Fees	<u>1,000.00</u>
Total	\$3,110.00

2. To the best of our knowledge information and belief, there are no "finders" as defined in Section 218.386, Florida Statutes, as amended, in connection with the issuance of the Note.

3. The amount of the total underwriting spread or bond discount expected to be realized is \$-0-. There will be a management fee in the amount of \$-0-.

4. No fee, bonus or other compensation has been or will be paid by us in connection with the Note to any person not regularly employed or retained by us in connection with the sale or issuance of the Note. The Purchaser has engaged Allen C.D. Scott, II, to serve as bank counsel for the financing.

5. The address of the Purchaser is: P.O. Box 306, Hastings, Florida 32145.

6. The Purchaser intends to hold the Note in its own portfolio.

7. Truth-in-Bonding Statement. The Issuer is proposing to issue the Note for the purpose of paving certain roads in the Flagler Estates Community Redevelopment Area. The Note is expected to be repaid over a period of approximately seven (7) years. The total interest paid over the life of the Note will be approximately \$242,382. Authorizing the Note and the related loan will result in an estimated \$187,529 (i.e. the average annual debt service on the Note) of the Issuer's sources provided therefor in the Note not being available to finance other services of the Issuer each year for approximately seven (7) years.

IN WITNESS WHEREOF, the undersigned has executed this statement on behalf of the Purchaser on this fifteenth day of December, 2004.

FIRST NATIONAL BANK OF ALACHUA

By: _____
Title: _____